

VZCZCXYZ0000  
OO RUEHWEB

DE RUEHTG #0056 021215Z  
ZNR UUUUU ZZH  
O 212152Z JAN 10  
FM AMEMBASSY TEGUCIGALPA  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 1498  
INFO RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE PRIORITY  
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

UNCLAS TEGUCIGALPA 000056

SENSITIVE  
SIPDIS

DEPT FOR EEB/IFD/OMA BRIANA SAUNDERS

E.O. 12958: N/A  
TAGS: [EFIN](#) [EAID](#) [AID](#) [PREL](#) [ECON](#) [HO](#)  
SUBJECT: HONDURAS: RESPONSE TO REQUEST FOR FY 2010 FISCAL  
TRANSPARENCY INFORMATION

REF: A. STATE 01923  
[1](#)B. 09 STATE 81177  
[1](#)C. 09 STATE 98111

[1](#)1. (U) The following is Post's responses to questions in ref  
[1](#)A.

[1](#)2. (U) Is the central government expected to receive  
funding under the FY 2010 SFOAA?

--Yes. The central government is expected to receive funding  
under the FY 2010 Department of State Foreign Operations and  
Related Programs Appropriations Act.

[1](#)3. (U) Is the host country's annual national budget  
publicly available?

--Yes. The host country's annual national budget is publicly  
available on the Ministry of Finance website )  
[http://www.sefin.gob.hn/portal/prod/index.php?option=com\\_content&task=view&id=131&Itemid=151](http://www.sefin.gob.hn/portal/prod/index.php?option=com_content&task=view&id=131&Itemid=151)

[1](#)4. (U) Are incomes and expenditures included in the publicly  
available budget?

--Yes. Income and expenditure estimates are included in the  
publicly available budget.

[1](#)5. (SBU) What is Post's assessment of the extent to which  
the publicly available budget accurately reflects actual  
government incomes and expenditures?

--The full extent to which the publicly available 2009 budget  
accurately reflects actual government incomes and  
expenditures is difficult to ascertain. Deposed President  
Jose Manuel "Mel" Zelaya's administration never submitted a  
2009 budget, allowing the misappropriation of a significant  
amount of funds. After President Zelaya's ouster, the de  
facto regime hastily put together a budget based on the 2008  
budget, which helped control spending but did not adjust for  
the waste inherent in the 2008 budget. Though the Ministry of  
Finance does not employ any sophisticated forecasting models  
to project revenues or expenditures, estimates of tax revenue  
have been reasonably accurate.

[1](#)6. (U) Have there been any events since the 2009 review that  
may have affected fiscal transparency (e.g., a coup.)?

--On June 28, 2009, a coup d'etat forcibly removed and exiled  
President Jose Manuel "Mel" Zelaya from Honduras. Free, fair  
and transparent elections in November 2009 resulted in the  
election of the opposition party's candidate, Porfirio "Pepe"  
Lobo. He will be sworn in on January 27.

[1](#)7. (U) Since last year's review, what efforts has the host

government undertaken to improve fiscal transparency? What progress has been made, pursuant to the 2009 demarches on the subject (reftels)?

--The Ministry of Finance and the Central Bank have made concerted efforts to improve fiscal transparency, publishing an array of accounting documents on their respective public websites.

18. (SBU) COMMENT: The June 28, 2009 coup d'etat and ensuing political crisis halted Post efforts to work with the Government of Honduras (GOH) to improve fiscal transparency. The Department of Treasury, Office of Technical Assistance (OTA) has resident program advisors assisting the GOH with Budget Policy and Management and Government Debt Issuance and Management. Additionally, OTA has an intermittent program in the area of Tax Policy and Administration. These programs have been suspended since the coup in accordance with the USG policy of no-contact with the de facto regime. Post was pleased with progress made by OTA in 2007 and 2008. After the new president is sworn in on January 27, Post plans to evaluate the new GOH's commitment to serious progress in these areas. If positive, OTA would be encouraged to resume advisory services with the host government.

HENSHAW